

# Diversity Management Is Not A Myth, It's A Reality For A Productive Workplace And Increased Profitability

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Over the past few decades, a diverse workforce has become a common phenomenon in public and private sector organisations as diversity enables organisations to effectively utilise a pool of employees possessing the required knowledge, skills, and attitude to accomplish organisational goals and objectives. To a great extent, employers have realised that diversity is more than variety in terms of age, gender, culture, and religion; diversity also implies a range of educational backgrounds, knowledge, skills, and ideas. These days, the momentum of effective diversity management is continuing to grow in many countries across the globe. In 2018, [Boston Consulting Group](#) reported that according to their survey of employees of 1,700 companies from eight countries, namely, Austria, Brazil, China, France, Germany, India, Switzerland, and the US, 75% of the respondents stated that diversity management was gaining momentum in their organisations. They also found that organisations with more diverse management teams generated 19% more revenue from innovation than organisations with less diverse management.

Organisations that have aligned diversity management with their organisational goals and objectives by going beyond their regular HR policies and procedures have increased the level of satisfaction among their diverse customers. A recent study by [Emma Ryan](#), based on 1,600 Australian businesses, found that organisations that prioritised and valued diversity in the workforce could expect to achieve 28% higher revenue and 30% higher profit margins than those that didn't. A [Harvard Business Review](#) article published in 2018 revealed that in the context of the United States' highly skilled occupations, around 25% of GDP growth over the past 50 years was contributed by people from diverse backgrounds.

A diverse workforce can benefit an organisation in a variety of ways. A few key advantages include:

- A diverse workforce brings different and fresh perspectives into an organisation, which assists the organisation to come up with unique and creative ideas to better serve its customers and gives it a competitive advantage. [Research](#) shows that a diverse team is 60% more capable of making required decisions.
- Increased organisational productivity is another key advantage that a diverse workforce can achieve for an organisation. Workplace diversity creates a comfortable environment that results in employees becoming more effective and more engaged. A study by [Deloitte](#) involving 1,500 employees of three large Australian companies found that diversity in the workplace resulted in more engaged employees.
- The increase in innovation and productivity achieved by a diverse workforce results in greater profits for an organisation. Based on 366 public companies, a [McKinsey](#) report revealed that ethnic and racially diverse management was likely to have financial returns 35% higher than the industry average. In another report, Boston Consulting Group also affirmed that a diverse leadership team's financial performance was better than that of a homogenous team.
- Last but not least, having a diverse workforce makes an organisation more reputable in the relevant industry and to the relevant stakeholders. It increases an organisation's brand image, as well. Potential employees also take this into account when they hunt for a new job. According to [Glassdoor](#), 67% of job seekers prefer to work for an organisation that accommodates a diverse workforce.

While a diverse workforce benefits an organisation from various perspectives, there are some challenges that an organisation needs to carefully address. Some of the key strategies to address those challenges are as follows:

- Diversity management for an organisation is likely to be unique to that organisation; therefore, an organisation should carefully plan their diversity management strategies according to its goals and objectives.
- An organisation needs to make sure that their employees have received training in diversity management, especially the managers, supervisors and team leaders. Ideally, training should be conducted whenever there is a change in the organisation's diversity management policy.
- In a recently published [HBR article](#), the authors indicated that diversity by itself would not lead to organisational effectiveness and efficiency. The value and usefulness of diversity management rest on the way the organisation blends diversity into the system. For that to happen, it is vital to build trust in the workplace that offers a culture of transparent and fearless communication among a diverse group of people. The authors also advocate destruction of discrimination and subordination, and accommodating diverse styles and voices. And most importantly, the article suggested making the cultural differences and diversity-related efficiencies a resource for future organisational learning.
- Some view that diversity management is a double-edged sword in organisations, leading to a paradoxical situation. [Nigel Bassett-Jones](#) suggested that "If they (organisations) embrace diversity, they risk workplace conflict, and if they avoid diversity, they risk loss of competitiveness." The argument is while diversity fosters innovations and creativity (and hence competitive advantage), it also triggers misunderstanding and miscommunications that could lead to absenteeism and low morale of workers. Therefore, it is vital to a human resources management and leadership of an organisation that carefully creates a trust, tolerance, and transparency system with a suitable trade-off between competitiveness and conflicts.

In conclusion, diverse workforces have multiple benefits to offer to organisations and societies – better products, services, harmony, competitiveness, to name a few. Managing a diverse workforce, therefore, is like managing innovations, excellence, and coherence. As Tim Cook puts it;

*"If you believe, as we believe, that diversity leads to better products, and we're all about making products that enrich people's lives, then you obviously put a ton of energy behind diversity the same way you would put a ton of energy behind anything else that is truly important."*

Therefore, we believe putting your energy behind diversity is like putting your energy behind growth and progress.



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Tareq holds a doctorate in marketing from the University of South Australia, Australia and an MBA from the University of East London, United Kingdom. To date, he has published around 55 peer-reviewed journal articles, conference papers and book chapters. His research has been published in high-ranked journals such as Australasian Journal of Information Systems, Finance Research Letters, International Journal of Bank Marketing, Journal of Business Research, Journal of Islamic Marketing, Journal

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